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**Secretary of the State Denise Merrill
Testimony to Appropriations Committee regarding Governor's
2015-2016 Budget Proposal (HB 6824)
March 4, 2015 10:00am**

Good morning everyone. For the record my name is Denise Merrill. As a past Chairman of this committee, let me start by saying I do not envy you.

Even in a year of excess serving on this committee can be difficult, and I'm certain you will have many difficult decisions ahead of you when crafting the 2015-2016 biennial budget. I come before you today to testify about my agency's budget, so I will dive right in.

State Board of Accountancy:

The governor's budget calls for a move of the State Board of Accountancy to the Department of Consumer Protection. It eliminates the four positions currently associated with that division. This change was not a request of mine or of the Board and I question whether it will do more harm than good.

However, should the Board's move to DCP remain in the budget, I strongly Request that the committee allow my agency to retain the positions. To maximize the agency's resources the SBOA attorney is called upon, from time to time, to support the elections department, and so that move would be felt elsewhere in the organization.

By way of background I would mention that the current staff has worked very hard over the last couple of years to improve the operations of this board. There have been several new members appointed. There is a renewed relationship with the Connecticut Society of Certified Public Accountants and together they have worked with the National Association of State Boards of Accountancy to bring Connecticut's licensing database in line with national standards. The staff has established relationships with the state's institutions of higher learning in order to proactively connect with those who will be accessing its services in the future. The staff has been reorganized for effectiveness and efficiency.

The regulation of the profession can be quite complicated. Between the staff and the citizen board the current team has done a very effective job. I would suggest that you consider the learning curve of a new staff at DCP may have and how that could compromise the BoA's consumer protection mission.

The certification and regulation of Certified Public Accountants is a very important and very complex duty. CPAs file our taxes, manage our money, plan our estates and audit our businesses and local governments. In some cases, an unscrupulous CPA could cause the loss of your retirement savings or of your child's college fund. The board's staff represent years of institutional knowledge of complex issues surrounding this highly specialized profession.

Position Count:

As I said, in the event that the move of the State Board of Accountancy is not rescinded, we request to keep the four positions vacant and unfunded.

The agency has lost several vacant positions in recent years through attrition and has been making do with current staffing levels.

However, the agency is undergoing reorganization in order to better meet the needs of those we serve. For instance, the elections department would like to coordinate more training and professional development. And the business service division has problems from time to time keeping up with work flow, and its work is moving toward a multi-tasking, call-center, document review model.

We would like to maintain the flexibility to utilize these vacancies in the reorganization, should funding become available at some point in the future.

Online Election Administrator training:

I am requesting \$40 thousand in additional funding for Fiscal Year 2016 in order to implement on-demand online training units for local election administrators.

Training modules will be built in collaboration with the Connecticut Distance Learning Consortium utilizing the same model that the Department of Administrative Services has begun implementing for some of its in-service trainings. The modules will allow local election administrators a period of time to log on and review the materials and have electronic discussions with SOTS staff before they must pass a knowledge test in order to earn credit for the course. This new model will be able to reach every town.

Under the current model, training is offered only via in-person sessions at semi-annual meetings. If a town's election administrators do not

participate in the meeting, they do not have access to the materials. Online training has the benefit of a flexible schedule and eliminates associated travel costs. Additionally, the modules can be reused from year to year so much of the cost is up-front and one-time.

Electronic Registration Information Center (ERIC) funding:

The governor's budget calls for the removal of \$150 thousand in each fiscal year, referring to "one-time expenses related to the Electronic Registration Information Project" (ERIC). However, ERIC is an ongoing project with ongoing expenses.

SOTS must pay \$35 thousand in dues each fiscal year. Additionally, we must perform a statewide mailing in every federal election year to a universe of people who are believed to be eligible but not currently registered.

The first mailing, performed in 2014, cost \$185 thousand. SOTS received a one-time grant from Pew, which saved the state \$125 thousand. The agency was only required to pay \$60 thousand in the first year. Each time the statewide mailing is performed, the size should shrink to reflect the increased accuracy of the voter registry, but as you would expect it is difficult to predict the volume. In the meantime, we are comfortable with a rough estimate of \$100 thousand for fiscal year 2017 to cover the mailing to be completed in the second half of 2016.

In summary, we are requesting \$25 thousand in fiscal year 2016 and \$125 thousand in fiscal year 2017 for ongoing expenses related to the ERIC project.

Business Services Division:

Additional funding was requested for FY 2016 in order to carry out mailings related to the reinstatement of administrative dissolutions of business entities (PA 14-154). This request was not included in the

Governor's budget. We are requesting an additional \$75 thousand per fiscal year to complete these mailings.

This up-front investment will result in exponential cost savings in the out years, since once the agency has fulfilled its obligation to notify these zombie corporations of their administrative dissolution, the we will no longer have to cover the cost of indefinite mailings to remind them of annual reports, etc.

Possible Carryover Requests:

I want to mention to you the potential for carry-over requests from my agency and the justification for those possible requests.

First, in FY 2015 the Secretary of the State's office was allocated \$150 thousand in FY 2015 to support an e-pollbook project. Specifically, for UConn's Center for Voting Technology Research to certify specific models. We expect that a good portion of this funding will need to be carried forward at the end of this year into the FY 2016 budget. We will have a better picture of the carry forward amount as May approaches.

Second, my agency's Business Services division has engaged the Connecticut Data Collaborative to support our project that transforms our historical business data into a usable format for the public. \$150 thousand was set aside in our FY 2015 budget for this project. We are waiting on final revisions to this contract before we can execute a purchase order. Because of this, we will be requesting a carry-forward of this money into FY 2016 as well.

Also, separate and apart from that data transformation project, the agency has also served as pass-through for funding for the Connecticut Data Collaborative, which was allotted \$595 thousand each fiscal year of 2014 and 2015. My agency has worked with the Office of the Attorney General to create a first-of-its-kind contract containing benchmarks in order to fulfill its duty as the pass-through agency for this funding. The

length of this detailed process caused a delay in payments to the data collaborative so that not all of the \$1.19 million will be paid out by the end of this fiscal year, so we will be requesting a carry-forward of the remainder of these funds into Fiscal Year 2016. We have no objection to continuing to serve as a pass through if additional funds are allocated in the next biennial budget.

Agency Employees:

The last thing I would like to mention is related to the changing demographics of the agency's employees. A significant portion of our staff is eligible to retire during the next two fiscal years. In the event that we have retirements, we will not have enough funding to make the associated pay-outs for vacation and sick time. Should employees with a significant balance of sick and/or vacation time notify the agency of his or her intent to retire, we may need to request an adjustment to our salary budget.

Thank you for giving me this time today. I'm happy to answer any of your questions.